

Department of Social and Health Services

DP Code/Title: PL-FR TANF Reauthorization

Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Recommendation Summary Text:

This item is a placeholder for impacts that may be associated with reauthorization of the Temporary Assistance for Needy Families (TANF) Block Grant. Reauthorization of this block grant may result in substantial changes to the WorkFirst participation requirements.

Fiscal Detail:

Operating Expenditures

FY 1

FY 2

Total

Program Cost

Total Cost

Staffing

Package Description:

The current TANF Block Grant expires September 30, 2002. If Congress reauthorizes the TANF Block Grant, many of the provisions may impose significant changes to the Economic Services Administration (ESA) programs, including WorkFirst, Working Connections Child Care (WCCC), and the Child Support Program. For example, House Resolution 4737, the TANF reauthorization bill that recently passed the U.S. House of Representatives, would require Washington to double the work participation rate of TANF recipients by 2007. These federal changes would likely require major alterations in program design and a shift in resources among existing programs.

Other changes in federal statutes could have substantial impact on state child support recoveries resulting in an estimated net loss of \$11.4 million annually. If Washington chooses to adopt some of the child support pass-through options, those could also greatly impact state child support recoveries. In addition, reauthorization could extend benefits to legal immigrants. In short, we anticipate the need for changes in state law and regulation to bring Washington's TANF program in line with new federal requirements.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This package contributes to the agency's goal of maintaining a safety net for people in need by funding the required changes in the state's WorkFirst program.

Performance Measure Detail

Program: 060

Goal: 01F Help people achieve self-sufficiency.

Incremental Changes

FY 1

FY 2

Outcome Measures

1F2 Percentage of WorkFirst clients in work-related activities.

0

0

Goal: 02F Maintain safety net for people in need.

Incremental Changes

FY 1

FY 2

No measures submitted for package

Department of Social and Health Services

DP Code/Title: PL-FR TANF Reauthorization
Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Reason for change:

The department anticipates the need for changes in state law and regulation to bring Washington's TANF program in line with the TANF reauthorization bill, expected to pass Congress. These changes in TANF regulations may have a fiscal impact.

Impact on clients and services:

In order to meet the stringent new work requirements in H.R. 4737, it would be necessary to move large numbers of clients out of current activities such as job search, job preparation, and training programs, and into activities that would count toward meeting the federal work participation rate, such as unpaid Work Experience (WEX) and subsidized employment (Community Jobs). Contracts for WEX and Community Jobs would have to be greatly expanded.

Additionally, both H.R. 4737 and the TANF reauthorization proposal recently passed by the United States Senate Finance Committee would allow states to pass-through more child support to families on TANF, affecting state cost recoveries. The Senate Finance bill also contains mandatory provisions, including an Internal Revenue Service (IRS) distribution change and elimination of the assignment of pre-assistance arrears, that may have a substantial impact on cost recoveries.

In addition to WorkFirst partner agencies and other Department of Social and Health Services (DSHS) administrations, other interested stakeholders may include:

- Children's Home Society
- Columbia Legal Services
- Welfare Rights Organizing Coalition
- Fremont Public Association
- Domestic Violence Coalition

Impact on other state programs:

All Workfirst partner agencies would be affected by these proposed TANF reauthorization changes. To achieve the shift into "countable" activities described above, Employment Security Department (ESD) and State Board for Community and Technical College (SBCTC) programs would lose resources and enrollment, while the Office for Trade and Economic Development (OTED) programs (Community Jobs) would gain.

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

Changes to state WorkFirst and child support rules would be needed. For example, under H.R. 4737, WAC 388-310-0600 would have to be amended to reflect reduced allowable time in job search, related job preparation, and training activities. WorkFirst contracts would have to be changed to reflect a new emphasis on work experience and subsidized employment activities. The TANF State Plan would have to be amended to reflect a new mix of services and activities.

On the child support side, RCW 26.23.035 and WAC 388-14A-5000 through 5540 would be impacted.

Alternatives explored by agency:

Proposed changes in TANF law would give states few options to achieve compliance with federal work participation rates, especially because of the restriction in "countable" activities.

Department of Social and Health Services

DP Code/Title: PL-FR TANF Reauthorization

Program Level - 060 Economic Services Admin

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

Budget impacts in future biennia:

It is expected that TANF will be reauthorized for five years, the period of the current block grant. Therefore, program and fiscal impacts resulting from changes in the law would extend to 2007.

Distinction between one-time and ongoing costs:

Most costs would be ongoing, except for certain expenses associated with changes to data and reporting systems.

Effects of non-funding:

Penalties range from \$20.2 million (5 percent of Washington's TANF Block Grant) in the first year to \$84.9 million, penalties range from \$20.2 million (five percent of Washington's adjusted TANF Block Grant) in the first year, increasing by 2 percent in each subsequent year, never to exceed 21 percent of the adjusted block grant. Also, failure to meet participation rates forces the state's Maintenance-of-Effort (MOE) requirement up to 80 percent (from the current 75 percent), an additional \$18 million cost for Washington State. There are additional penalties for not meeting MOE.

Expenditure Calculations and Assumptions:

Expenditure calculations and assumptions cannot be made until Congress finalizes TANF Reauthorization.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program Totals			
<u>DSHS Source Code Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund ,			
<u>Sources</u> <u>Title</u>			
Total for Fund			
Total			
Totals for all funds			